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The Washington Merry-Go-Round

THE WASHINGTON POST Wednesday, Jan. 17, 1962 D11

Experts Reversed on Nuclear Ship

By Drew Pearson

The biggest prize in the shipping world in the last four years has been the operation of the first atomic merchant vessel ever built, the Savannah. Every qualified shipping line in the United States has wanted to get it.

It ended up, through a mysterious set of circumstances, in the hands



Pearson

of States Marine, which operates a large number of foreign-flag ships manned by foreign crews, but which happens to be in partnership with John A. McCone, who at the time the Savannah contract was let was chairman of the Atomic Energy Commission.

McCone is now up for confirmation to be head of the all-important Central Intelligence Agency, and a long set of circumstances put him in the position of having favored close business associates, such as the Henry Kaiser interests, when he has been in Government.

The inside facts in the award of the SS Savannah to the States Marine Line, which has a working partnership with McCone's personally owned Joshua Hendy Line, are hitherto unpublished.

In the spring of 1958, as seven steamship lines applied

to operate the Savannah, Clarence Morse, then Maritime Administrator, appointed a special selection board of maritime experts to recommend the most qualified.

They recommended the American President Lines, with more than 30 years of American-flagship experience behind it, as the best qualified. The others, in order of their qualification, were: Isbrandtsen, Farrell, Moore-McCormack, Pacific Far East, States Marine, and U. S. Lines.

In other words, States Marine, the line with which John McCone has a working partnership, was next to last. Yet it ended up with the contract.

What happened was that Maritime Commissioner Morse, answerable directly to Secretary of Commerce Sinclair Weeks, overrode his own board of experts. Morse explained lamely that the board had put too much emphasis on passenger service.

So the board went back into session, eliminated passenger experience as a criterion, and, adding up all the remaining factors, still came up with American President Lines as the best qualified ship operator.

However, States Marine, no longer handicapped by its lack of passenger experience, rated second. Higher ups in the Commerce Department then gave the contract to States Marine as if the board had never met.

When I asked Under Secre-

tary Louis Rothschild, now retired, why he reversed the board of experts, he replied: "There had been too much lobbying."

He did not elucidate.

"But States Marine chiefly operates foreign-flag ships," I pointed out. "The Savannah is to be the pride of the U. S. Merchant Marine. Did John McCone talk to you about this?"

"No," protested Rothschild emphatically. He added that one of States Marine's subsidiaries operated under the American flag.

"Besides," he said, "the House Merchant Marine Committee completely approved our decision."

Weeks Stepped In

Congressman Herbert Bonner, North Carolina Democrat, chairman of the House Merchant Marine Committee, told a different story. He had introduced the bill authorizing an atomic merchant vessel.

"We never approved their decision," said Rep. Bonner. "They came down here and told us what they were going to do and that was that."

"Morse had talked about putting the Savannah in the hands of different companies—the United States Lines in the Atlantic, the American Export Lines in the Mediterranean, Moore-McCormack in Latin America, and the American President Lines in the Pacific.

"But Sinclair Weeks, the Secretary of Commerce, was

calling the shots. He came before our Committee and told us that States Marine was going to get the Savannah. There must have been a terrific lot of influence used to give this to States Marine."

Whatever influence may have been used probably took place before John McCone took office as Atomic Energy chairman. He was confirmed on July 9, 1958, and the Savannah contract was awarded on July 25.

A busy Senate paid little attention to all this. Only one Congressman, Bonner of North Carolina, "father" of the SS Savannah, challenged McCone's apparent conflict of interest. In a speech on the House floor, Aug. 21, Bonner said:

"I have no concern with the arrangements made by Mr. McCone to meet the technical requirements of the law in regard to the difficult problem of avoiding conflicts of interest faced by so many able and successful businessmen when called to public service.

"However, the facts concerning the intimate business relationships which have existed between Mr. McCone and Mr. Mercer (head of the States Marine Lines) raise certain obvious questions when we seek to find the answer to the apparently illogical assignment of the nuclear ship Savannah to States Marine Lines by the Department of Commerce and the Atomic Energy Commission."

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Savannah

Repr. Bonner quote